

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

FRANCHISE GROUP, INC., *et al.*,¹

Debtors,

Chapter 11

Case No. 24-12480 (JTD)

(Jointly Administered)

Re: Docket No. 1371

Objection Deadline: May 14, 2025

**LIMITED OBJECTION AND RESERVATION OF RIGHTS OF DELL FINANCIAL
SERVICES, L.L.C. TO ASSUMED CONTRACTS LIST AT EXHIBIT K ON
AMENDED PLAN SUPPLEMENT**

Dell Financial Services, L.L.C. (“DFS”), by and through its undersigned counsel, files this Limited Objection and Reservation of Rights (the “Limited Objection”) to the Assumed Contracts List at Exhibit K of the Amended Plan Supplement for the Eighth Amended Joint Chapter 11 Plan

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of their U.S. federal tax identification numbers, to the extent applicable, are Franchise Group, Inc. (1876), Freedom VCM Holdings, LLC (1225), Freedom VCM Interco Holdings, Inc. (2436), Freedom Receivables II, LLC (4066), Freedom VCM Receivables, Inc. (0028), Freedom VCM Interco, Inc. (3661), Freedom VCM, Inc. (3091), Franchise Group New Holdco, LLC (0444), American Freight FFO, LLC (5743), Franchise Group Acquisition TM, LLC (3068), Franchise Group Intermediate Holdco, LLC (1587), Franchise Group Intermediate L, LLC (9486), Franchise Group Newco Intermediate AF, LLC (8288), American Freight Group, LLC (2066), American Freight Holdings, LLC (8271), American Freight, LLC (5940), American Freight Management Company, LLC (1215), Franchise Group Intermediate S, LLC (5408), Franchise Group Newco S, LLC (1814), American Freight Franchising, LLC (1353), Home & Appliance Outlet, LLC (n/a), American Freight Outlet Stores, LLC (9573), American Freight Franchisor, and Licensing LLC (9968), Franchise Group Intermediate V, LLC (5958), Franchise Group Newco V, LLC (9746), Franchise Group Intermediate BHF, LLC (8260); Franchise Group Newco BHF, LLC (4123); Valor Acquisition, LLC (3490), Vitamin Shoppe Industries LLC (3785), Vitamin Shoppe Global, LLC (1168), Vitamin Shoppe Mariner, LLC (6298), Vitamin Shoppe Procurement Services, LLC (8021), Vitamin Shoppe Franchising, LLC (8271), Vitamin Shoppe Florida, LLC (6590), Betancourt Sports Nutrition, LLC (0470), Franchise Group Intermediate PSP, LLC (5965), Franchise Group Newco PSP, LLC (2323), PSP Midco, LLC (6507), Pet Supplies LLC (5944), PSP Service Newco, LLC (6414), WNW Franchising, LLC (9398), WNW Stores, LLC (n/a), PSP Stores, LLC (9049), PSP Franchising, LLC (4978), PSP Subco, LLC (6489), PSP Distribution, LLC (5242), Franchise Group Intermediate SL, LLC (2695), Franchise Group Newco SL, LLC Delaware, Ohio 43015.

of Franchise Group, Inc. and its Debtor Affiliates [D.I. 1371] (the “Amended Plan Supplement”)².

In support of the Limited Objection, DFS states as follows:

BACKGROUND

1. On November 3, 2024 (the “Petition Date”), Franchise Group, Inc. and its affiliated debtors (collectively, the “Debtors”) commenced a bankruptcy case, by filing a Voluntary Petition for relief under Chapter 11 of the United States Bankruptcy Code. The Debtors are continuing to operate their business and manage their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. Prior to the Petition Date, on August 18, 2015, PSP Stores, L.L.C. and DFS entered into Master Lease Agreement No. 1187494041-12523 (“MLA”). Thereafter, PSP Stores, L.L.C. and PSP Franchising, L.L.C. executed various lease schedules subject to and governed by the MLA. The various lease schedules and the MLA are collectively referred to herein as the “PSP Lease Agreement.” Pursuant to the PSP Lease Agreement, DFS provides to the Debtors certain computer products and peripherals (the “Equipment”), described more specifically and identified in the lease schedules. Debtors are required to make payments to DFS as required under the PSP Lease Agreement. The Debtors have failed to pay all amounts due and owing under the PSP Lease Agreement.

3. In addition, prior to the Petition Date, on April 4, 2023 and on February 14, 2024, Buddy’s Newco, LLC enter into equipment leases with DFS, leasing certain computer products

² On the filing date of this Limited Objection, and subsequent to its preparation, the Debtors filed the *Ninth Amended Joint Chapter 11 Plan of Franchise Group, Inc. and Its Debtor Affiliates* [D.I. 1454] (the “Ninth Amended Plan”). As the Ninth Amended Plan has removed language from Section 10.2 of the Eighth Amended Plan advising that the Assumed Contracts List “shall be filed with the Plan Supplement,” it is unclear if an Amended Assumed Contracts List will be filed in conjunction with the Ninth Amended Plan or a further amended plan supplement. As such, out of an abundance of caution, DFS treats the 14-day objection period set forth on the Assumed Contracts List at Exhibit K on the Amended Plan Supplement as controlling.

and peripherals (also referred to as “Equipment”) as set forth in the respective leases. The Buddy’s Newco, LLC leases are referred to herein as the “Buddy’s Newco Leases.”

4. On January 2, 2025, DFS filed the *Limited Objection of Dell Financial Services, L.L.C. to Notice of Potential Assumption and Assignment and Cure Costs with Respect to Executory Contracts and Unexpired Leases* [D.I. 613]. The arguments set forth therein are incorporated herein by reference to the extent not inconsistent herewith.

5. On April 25, 2025, Debtors filed their 8th Amended Plan [D.I. 1312] (“Amended Plan”). Thereafter, on April 30, 2025, Debtors filed the Amended Plan Supplement. Exhibit K thereto (the “Assumed Contracts List”), identified various agreements for assumption with corresponding asserted cure amounts.

6. The Assumed Contracts List identifies four agreements with DFS for potential assumption with Buddy’s Newco, LLC listed as the Debtor entity (ID #s 121801867-121801870), stating a total cure amount of \$318.38. These agreements are identified as a “Master Lease and Financing Agreement” with a listed cure amount of \$318.38 as well as a “Technology Lease” and two “Technology Equipment Lease Agreements,” each with \$0.00 listed as the cure amount. Though DFS believes the Debtors intended to reference the Buddy’s Newco Leases, the descriptions of the specific agreements do not adequately identify the contracts subject to assumption and cure, and all but the “Master Lease and Financing Agreement” list a cure amount of \$0.00.

7. In addition to the foregoing, the Debtors reference DFS at ID # 121801871 Assumed Contracts List, identifying a Master Lease Agreement with DFS for assumption and identifying a cure amount of \$59,115.93. PSP Stores, LLC is identified as the Debtor entity with respect to this listed agreement. DFS believes the Debtors’ reference to the Master Lease

Agreement refers to the MLA and its related schedules (i.e., the PSP Lease Agreement). To the extent this is incorrect, DFS requests additional clarification regarding the contracts identified for assumption.³

LIMITED OBJECTION AND RESERVATION OF RIGHTS

8. Section 365(b) of the Bankruptcy Code provides in pertinent part as follows:

(b)(1) If there has been a default in an executory contract or unexpired lease of the debtor, the trustee may not assume such contract or lease unless, at the time of assumption of such contract or lease, the trustee –

(A) cures, or provides adequate assurance that the trustee will promptly cure, such default...

(B) compensates, or provides adequate assurance that the trustee will promptly compensate, a party other than the debtor to such contract or lease, for any actual pecuniary loss to such party resulting from such default; and

(C) provides adequate assurance of future performance under such contract or lease.

11 U.S.C. § 365(b)(1).

9. DFS does not object to the assumption and assignment of the PSP Lease Agreement or the Buddy's Newco Leases. However, further clarity is needed regarding the identification of the agreements and the cure amounts to be paid. In this regard, DFS seeks additional clarity/verification that the listed agreements on the Assumed Contracts List constitute the PSP Lease Agreement (including all schedules) and the Buddy's Newco Leases. The overall amount due under the Buddy's Newco Leases of \$318.38 is correct as of the date of the Amended Plan Supplement.

³ The Assumed Contracts List also lists purported Equipment Lease Agreements between Debtor Buddy's Newco, LLC and Dell Marketing L.P (see ID #s 121801872 and 121801873). DFS is unaware of any additional Equipment Lease Agreement between Debtors and Dell Marketing, L.P., and to the extent these two items are intended to identify the MLA and/or related schedules with DFS and/or the Buddy's Newco Leases, DFS objects to assumption and cure of this as a separate agreement with Dell Marketing, L.P. separate from the PSP Lease Agreement and/or the Buddy's Newco Leases and objects to the cure amount stated.

10. The actual cure amount due under the PSP Stores, LLC “Master Lease Agreement” with DFS is \$59,668.14 as of the date of the Amended Plan Supplement. While the discrepancy between the actual cure amount and the cure amount asserted on the Assumed Contracts List is minimal as of the date of filing of the Amended Plan Supplement, additional amounts will continue to accrue under the PSP Lease Agreement (including all schedules) and the Buddy’s Newco Leases between the filing date of the Amended Plan Supplement and the effective date of Assumption.

11. DFS is entitled to payment of the cure amount corresponding with all unpaid amounts due on the assumed contracts through the effective date of assumption. All pre-petition and post-petition amounts owed through the effective date of assumption must be paid in full. DFS objects to the Amended Plan Supplement and Assumed Contracts List to the extent the cure amounts thereon will not be updated to include any additional cure amounts accruing through the effective date of Assumption.

12. Accordingly, DFS objects to the proposed assumption and assignment on a limited basis to the extent Debtors are not proposing to pay all additionally accruing amounts under the PSP Lease Agreement (including all schedules) and the Buddy’s Newco Leases through the effective date of assumption and assignment.

13. DFS hereby reserves the right to supplement and/or revise this objection and make such other and further objections as may be appropriate, including but not limited to adjusting the cure amount.

WHEREFORE, DFS respectfully requests that any order of this Court granting or authorizing the assumption of the PSP Lease Agreement and/or Buddy’s Newco Leases accurately identify said agreements and condition their assumption on the Debtors’ payment of all amounts

owed to DFS thereunder through the effective date of such assumption, and granting such other and further relief as the Court deems just and proper.

Dated: May 14, 2025

Respectfully submitted,

AUSTRIA LEGAL, LLC

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